

Message Text

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SUBJ: CERP 0200-FINANCE: TOGO'S 1977 GENERAL BUDGET

1. THE TOGOLESE GOVERNMENT OPERATING AND INVESTMENT BUDGET FOR 1978 IS CFA 60.598.000.000 (\$263,469,565; 230 CFA IS \$1.00), OR 9.77 PERCENT GREATER THAN LAST YEAR'S. IN PRESENTING THE BUDGET TO THE GOT COUNCIL OF MINISTERS, FINANCE MINISTER GRUNITZKY CHARACTERIZED IT AS "A BUDGET OF CONTINUED BUT MODERATE GROWTH TAKING INTO CONSIDERATION THE INTERNATIONAL ECONOMIC CLIMATE." THE MINISTER DID NOT MAKE THE USUAL CLAIM OF A BALANCED BUDGET, ALTHOUGH IT APPEARS TO BE SO ON PAPER. ECONOMIC GOSPEL IN TOGO ASSERTS THAT PRESIDENT EYADEMA HAS SUCCESSFULLY BALANCED THE BUDGET FOR THE PAST TEN YEARS. IN REALITY TOGO EXPERIENCED DEFICITS IN 1977, 1976 AND 1976, AND THE 1978 BUDGET APPEARS TO HIDE A SUBSTANTIAL SHORTFALL.

2. ON THE INCOME SIDE, PHOSPHATE PROFITS, AGRICULTURAL PRODUCTION PROFITS, CUSTOMS DUTIES AND TAXES PROVIDE 77 PERCENT OF TOTAL REVENUE. "EXTRAORDINARY RECEIPTS," A CATEGORY WHICH FIRST APPEARED IN 1976, ARE CFA 11.985.222.000 (\$52,109,660) IN 1978 OR 19 PERCENT OF THE TOTAL REVENUE. THE EMBASSY HAS NEVER BEEN ABLE TO OBTAIN

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A SATISFACTORY DEFINITION OF "EXTRAORDINARY RECEIPTS." THEREFORE, WE ARE LEFT TO CONCLUDE THAT AT LEAST PART OF THE FIGURE IS A BOOKKEEPING ENTRY TO BALANCE THE BUDGET AND SERVES AS A ROUGH GUIDE TO ANTICIPATED DEFICIT. IN TOGO'S FAVOR "EXTRAORDINARY RECEIPTS" ARE DOWN 21.9 PERCENT FROM LAST YEAR.

3. THE NEW BUDGET INCORPORATES THREE CHANGES IN THE TAX CODE. FIRST, THE LOCAL TAX ON ALL IMPORTS, WHICH WAS 6 PERCENT IN THE 1977 BUDGET, WILL BE LOWERED TO 3 PERCENT ON NECESSITIES. SECONDLY, TO ENCOURAGE INVESTMENT AND AGRICULTURAL DEVELOPMENT, THE MINIMUM BUSINESS TAX HAS BEEN LOWERED TO 1.5 PERCENT FROM 2 PERCENT. LASTLY, TO RAISE NEEDED REVENUE A NEW TAX ON INDUSTRIAL PRODUCTION WAS CREATED. EXPORTS WILL NOT BE SUBJECT TO THE NEX TAX, WHICH IS EXPECTED TO RAISE APPROX 400 MILLION CFA (\$1,739,130).

4. THE BUDGET DIVIDES EXPENDITURES INTO FIVE MAJOR AREAS OF WHICH THREE ARE SIGNIFICANT. THE LARGEST AREA COMBINES THE BUDGETS OF THE PRESIDENCY, MINISTRIES AND SUPREME COURT. THE FUGURE FOR 1978 IS CFA 28.359.676.000 (\$123,302,939). UP 20.8 PERCENT FROM 1977. THIS FIGURE CAN BE SUBDIVIDED INTO SALARIES CFA 17.603.684.000 (\$76,537,756) AND SERVICES AND FUNCTIONS OF THE MINISTRIES CFA 10.755.992.000 (\$46,765,182.) IF THE MINISTRIES ARE RANK ORDERED BY BUDGET, THE TOP THREE ARE EDUCATION CFA 5.803.625.000 (\$25,233,152); NATIONAL DEFENSE CFA 4.789.259.000 (\$20,822,865); AND HEALTH CFA 2.911.087.000 (\$12,656,900). THE BUDGET FOR THE MINISTRY OF RURAL DEVELOPMENT INCREASED BY 72 PERCENT. HOWEVER, THIS IS OSFSET SOMEWHAT BY THE 29 PERCENT CUT IN THE MINISTRY OF AMENAGEMENT RURAL. THE MINISTRY OF MINES, ENERGY AND WATER RESOURCES BUDGET INCREASED 64 PERCENT. THE SECOND AREA OF IMPORTANCE IS THE INVESTMENT AND EQUIPMENT BUDGET. THE 1978
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BUDGET IS A 1.4 PERCENT INCREASE OVER 1977 TO CFA 15.563.402.000 (\$67,666,965). THE THIRD AREA OF SIGNIFICANCE IS THE PUBLIC DEBT. IN 1978, DEBT SERVICE IS BUDGETED AT CFA 7.632.365.000 (\$33,184,195), AN INCREASE OF ONLY .33 PERCENT OVER LAST YEAR. THE EMBASSY ESTIMATES THAT GOING INTO 1978 THE GOT WAS CARRYING INTERNATIONAL LOANS WORTH CFA 138.250.000.000 (601,086,956) OF WHICH CFA 90.750.000.000 (\$394,565,217) HAD BEEN DISPERSED.

5. FURTHER ANALYSIS OF THE 1978 BUDGET WILL FOLLOW BY AIRGRAM. PALMER

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